PROGRAM OPPORTUNITY NOTICE (PON)

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF ENERGY RESOURCES

MASSACHUSETTS CLEAN CITIES/GREEN COMMUNITIES MUNICIPAL VEHICLE PROGRAM

DATE ISSUED: MARCH 23, 2009

APPLICATION DEADLINE: 4 PM, MAY 18, 2009

Commonwealth of Massachusetts Department of Energy Resources
Clean Cities/Green Communities Municipal Vehicle Program

Introduction

The American Recovery and Reinvestment Act of 2009 (ARRA), recently enacted by Congress and signed by President Obama, provides a unique and historic opportunity to stimulate the development and deployment of advanced-technology motor vehicles, create jobs, reduce our country's dependence on foreign oil, and curb carbon emissions from the transportation sector. This Public Opportunity Notice (PON) provides cities, towns, and other local entities in the Commonwealth with an opportunity to contribute to the goals of the ARRA by utilizing significant financial incentives to procure such advanced-technology vehicles.

Background

The Green Communities Program was created by the landmark Green Communities Act of 2008 (Chapter 169 of the Acts of 2008) in order to enable cities and towns to become more sustainable, to deal with rising energy costs, and to incubate the clean energy technologies and practices that will put our cities, towns and the Commonwealth, at the center of the 21st century clean energy economy. The Green Communities Program serves as the hub to all Massachusetts cities and towns for energy efficiency and renewable energy opportunities, helping them understand all the programs in the state at their disposal and providing streamlined delivery of those programs. The Program's aim is to ensure that cities and towns maximize their opportunities to save energy and help them reduce their environmental impact and carbon footprint.

The Massachusetts Clean Cities Coalition has long been at the forefront of efforts to diversify the types of motor fuels used in the Commonwealth and to reduce greenhouse gas emissions from the transportation sector. the Department of Energy Resources (DOER) led the largest electric vehicle demonstration project in the country, has received numerous grants from the US Department of Energy (DOE) to demonstrate CNG vehicles, is exploring the opportunities for cultivating cellulosic feed stocks in the Northeast, and was instrumental in the siting of a large E-85 station at Boston's Logan International Airport.

In keeping with efforts to lessen the dependence on petroleum-based products as a motor fuel, reduce greenhouse gas emissions and aid local governments in meeting Green Community requirements, DOER is introducing this opportunity for local governments. Funding is available to procure advanced technology and alternative fueled vehicles at no additional cost when compared to traditional vehicles.

Program Outline
DOER will fund up to 100% of the total incremental cost (see Appendix A) of selected high mileage and/or alternative fueled vehicles (both new and retrofit vehicles are eligible). A description of the types of vehicles available with funding opportunity for each is included in Appendix A. A total of $10,000,000 is available. Selected communities (Grantee) will be responsible for procuring the vehicles within a time limit set by DOER, registering the vehicles in the Commonwealth of Massachusetts, providing insurance, and inspections. Program length is 36 months from vehicle delivery date. All vehicle procurement transactions shall be between the vehicle supplier and program participant.

Funding
DOER will provide funding for up to 100% of the vehicles' incremental cost (as defined in Appendix A). Acquisition costs include sales tax and an extended warranty for the vehicle and hybrid and/or alt fuel systems. The Grantee will be required to execute a Standard State Contract with the Commonwealth of Massachusetts prior to receiving funding. The contract will establish terms and conditions and detail how and when payment will be made. Payments will be made directly to the Grantee. To be considered for funding applicants must supply a list of vehicles to be purchased accompanied by a letter committing to purchase if a grant is awarded.

Vehicle Acquisition and Disposal
The Grantee will acquire vehicles through its normal fleet vehicle acquisition process. These vehicles may be purchased or leased as per the Grantee's standard practice; the Commonwealth will hold no financial or ownership interest in the vehicles. In addition, it is the responsibility of the Grantee to ensure that warranties are in place to cover the vehicle and the battery system for the duration of this program.

Vehicle Management
The Grantee will be responsible for managing these vehicles in a formal fleet program, and ensure that the vehicles are fully utilized, maintained, assigned to qualified drivers, registered in the Commonwealth, and provided with full insurance coverage. The Commonwealth will not provide any support for the maintenance or repairs of the vehicles.

Vehicle Fueling
The Grantee must demonstrate that it can provide an uninterrupted supply of the appropriate fuel for the vehicle(s).

Vehicle Repairs and Maintenance
Vehicle repairs and maintenance are the responsibility of the Grantee. The Grantee will make every effort to ensure that the vehicles and battery systems are covered by a bumper to bumper warranty for the duration of 36 months.

Program Administration
The Grantee will manage the program and will insure that vehicles are utilized, maintained, and stored in a secure location when not assigned to drivers. In addition, the Grantee will maintain files tracking vehicle maintenance, registration, and insurance coverage maintenance.

Program Reporting
The Grantee will provide quarterly reports for the program period to DOER electronically in a format agreed to by both the Grantee and DOER.

How to Apply
Application packages are available through the Massachusetts Department of Energy Resources' Website The Application deadline is May 18, 2009. DOER reserves the right to limit the number of awardees. Any questions related to this PON must be submitted in writing via email to david.rand@state.ma.us. Answers and the application package are posted on DOER's website at www.mass.gov/doer. Completed applications must be submitted in writing. To obtain additional information contact:

Municipal Contact:
Mark Sylvia
Green Communities Director
MA Department of Energy Resources
(617)626-7339
mark.sylvia@state.ma.us

APPENDIX A

Incremental cost is defined as the cost difference between a standard (100% gasoline or diesel) vehicle and its non-standard (hybrid or alternative fuel) new or retrofitted model up to the limits set-forth in this appendix. For those models having no standard version, incremental cost shall be the cost between the model you wish to purchase and another like model. Neighborhood electric vehicles shall be funded at levels described below.

Ground support vehicles at public airports that meet guidelines of either, light, medium, or heavy duty vehicles above.	$50,000 per vehicle, not to exceed the actual incremental cost.

Vehicles that will be eligible under this area of interest are as follows:

Light Duty Vehicles:

- Fuel Cell Electric Vehicles.
- Electric Hybrid Vehicles

.Neighborhood Electric Vehicles

.Compressed Natural Gas (CNG) or Propane Vehicles

• Plug-in Hybrid Electric Vehicles

• Diesel Vehicles with 2009 MY or later compliant emissions (only if replacing gasoline powered vehicles and in conjunction with biodiesel fuel use)

• Vehicles using alternative fuels recognized by Energy Policy Act (for a listing of authorized alternative fuels please see

http://www1.eere.energy.gov/vehiclesandfuels/epact/about/epact_fuels.html)

Medium- and Heavy-Duty Vehicles:

• Vehicles using alternative fuels recognized by Energy Policy Act (for a listing of authorized alternative fuels please see

http://www1.eere.energy.gov/vehiclesandfuels/epact/about/epact_fuels.html)

• Fuel Cell Electric Vehicles.

• Plug-in Hybrid Electric Vehicles

• Electric Hybrid Vehicles

• Hydraulic Hybrid Vehicles

.CNG or Propane Vehciles

Other Off-Road/Non-Road Commercial Work Alternative Fuel or Advanced Technology Vehicles

• Ground Support Vehicles at Public Airports that follow the guidelines above for Light, Medium and Heavy-Duty vehicles.

• Medium and Heavy duty freight loading and handling high fuel use vehicles at ports or intermodal freight operations that follow the guidelines above for Light, Medium and Heavy-Duty vehicles.

• For other off-road projects not identified above, off-road vehicles are only eligible for funding that are included in a project that primarily (i.e. greater than 75%) funds on-road vehicles/infrastructure (i.e. the off-road vehicles component complements the on-road vehicle portion of the project) and that follow the guidelines above for Light, Medium and Heavy-Duty vehicles.

All vehicles, including retrofits/conversion systems, must be certified/approved by the U.S. Environmental Protection Agency (EPA) and/or the California Air Resources Board (CARB) and meet the applicable Federal Motor Vehicle Safety Standards (FMVSS) in order to be eligible for funding. Documentation must be provided.

DOE funds are to be used to pay for the incremental cost to purchase new OEM vehicles or the retrofit/conversion/repower of new and/or used conventional vehicles (i.e., vehicles originally designed to operate using conventional diesel or gasoline) to run on authorized alternative fuels or utilize advanced technologies.

- Incremental cost shall be calculated on the difference between the cost of the AFV/Advanced Technology Vehicle and the cost of a comparable conventional model verified by manufacturer estimate, after all other applicable manufacturer and local/state rebates, tax credits, and cash equivalent incentives are applied.

- For vehicle conversions, the incremental cost shall be based on the cost of the new fuel system plus installation after all other applicable manufacturer and local/state rebates and cash equivalent incentives are applied.

- Funds are not available for non-fuel system upgrades such as transmissions and exhaust systems and should not be included in the incremental cost of the project to be supported under this announcement.

- For neighborhood electric vehicles, the DOE funding shall be limited to $2,000 per vehicle, not to exceed the actual cost.

- For light duty hybrid vehicles, and light duty diesel vehicles, the DOE funding of incremental cost shall be limited to $2,000 per vehicle, not to exceed the actual incremental cost.

- For light duty fuel cell vehicles, the DOE funding of incremental cost shall be limited to $500,000 per vehicle, not to exceed the actual incremental cost.

- For all other light duty alternative fueled and advanced technology vehicles, the DOE funding of incremental cost shall be limited to $50,000 per vehicle, not to exceed the actual incremental cost.

- For medium duty and heavy duty alternative fueled and advanced technology vehicles, the DOE funding of incremental cost shall be limited to $200,000 per vehicle, not to exceed the actual incremental cost (see below for special exceptions).

- For medium/heavy duty electric vehicles, and/or medium/heavy duty hybrids/plug-in hybrids powered exclusively by alternative fuels, the DOE funding of incremental cost shall be limited to $500,000 per vehicle, not to exceed the actual incremental cost.

- For medium/heavy duty fuel cell vehicles, the DOE funding of incremental cost shall be limited to $1,000,000 per vehicle, not to exceed the actual incremental cost.

- For all off-road alternative fuel or advance technology vehicles, the DOE funding of incremental cost shall be limited to $50,000 per vehicle, not to exceed the actual incremental cost.

LIGHT DUTY VEHICLES	INCREMENTAL COST CAP
Fuel Cell Electric Vehicles	500,000 per vehicle, not to exceed the actual incremental cost
Electric Hybrid Vehicles	$2,000 per vehicle, not to exceed the actual incremental cost.
Plug-in Hybrid Vehicles	$2,000 per vehicle, not to exceed the actual cost
Diesel Vehicles with 2009 MY or later compliant emissions (in conjunction with biodiesel use and replacement of gas powered vehicle)	$2,000 per vehicle, not to exceed the actual incremental cost.
Vehicles using Alternative Fuels as recognized by the Energy Policy Act of 2005 (P.L. 109-58)[1]	$50,000 per vehicle, not to exceed the actual incremental cost.
MEDIUM AND HEAVY DUTY VEHICLES	
Fuel Cell Electric Vehicles	$1,000,000 per vehicle, not to exceed the actual incremental cost
Electric Hybrid Vehicles	$500,000 per vehicle, not to exceed the actual incremental cost
Plug-in Hybrid Vehicles	$500,000 per vehicle, not to exceed the actual incremental cost
Hydraulic Hybrid Vehicles	Up to $200,000 per vehicle for gasoline/diesel powered; up to $500,000 per vehicle for alt. fuel powered
Vehicles using Alternative Fuels as recognized by the Energy Policy Act of 2005 (P.L. 109-58)[2]	$200,000 per vehicle, not to exceed the actual incremental cost
OFF THE ROAD (OTR) AND NONROAD OR ADVANCED TECHNOLOGY VEHICLES	50,000 per vehicle, not to exceed the actual incremental cost
Ground support vehicles at public airports that meet guidelines of either, light, medium, or heavy duty vehicles above.	$50,000 per vehicle, not to exceed the actual incremental cost

Vehicles that weigh 8,500 pounds or less gross vehicle weight rating (GVWR) are considered Light Duty Vehicles. For the purposes of this announcement, Medium & Heavy Duty Vehicles are vehicles that weigh more than 8,500 pounds GVWR since the incentives and requirements are equal for MDVs and HDVs.

Other Requirements

All vehicles, including retrofits/conversion systems, must be certified/approved by the U.S. Environmental Protection Agency (EPA) and/or the California Air Resources Board (CARB) and meet the applicable Federal Motor Vehicle Safety Standards (FMVSS) in order to be eligible for funding. Documentation must be provided.

Grant funds are to be used to pay for the incremental cost to purchase new OEM vehicles or the retrofit/conversion/repower of new and/or used conventional vehicles (i.e., vehicles originally designed to operate using conventional diesel or gasoline) to run on authorized alternative fuels or utilize advanced technologies.